



India slaps retaliatory tariff on US

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New Delhi: India has decided to impose a retaliatory tariff on 29 US products, including almonds, apples, walnuts and pulses, from June 16 — sending out a strong signal ahead of Prime Minister Narendra Modi's meeting with US President Donald Trump later this month.

The decision follows US commerce secretary Wilbur Ross's unusually blunt remarks on India on Wednesday. Ross described India as a “high-tariff market” and urged the Modi government to carry out reforms that will open up the Indian economy and market for American companies.

He asked India to remove the overly restrictive market

access barriers for American firms. Ross was addressing a meeting of the US Indian Business Council (USIBC) in Washington.

Officials said India had informed the US about its decision to go ahead with the retaliatory duties.

The government had kept the move in abeyance for nearly a year. The retaliatory tariff against 29 US products worth \$240 million were meant to counter a unilateral hike in duties by Washington on India's steel and aluminium exports.

The increased levies, first proposed in June 2018, have been deferred eight times in view of the trade dialogue between the two countries.

“There will be no further extension of the retaliatory tariffs,” an official aware of the

TRADE TUSSLE

■ Retaliatory tariff on 29 US products, including almonds, apples, walnuts and pulses, from June 16

■ The increased levies, first proposed in June 2018, have been deferred eight times so far

■ Tariff to counter a hike in duties on India's steel and aluminium exports

development said.

Prime Minister Modi and President Trump are scheduled to meet on the sidelines of the G20 meeting on June 28-29 at Osaka, Japan. Ahead of the meeting, US secretary of state Mike Pompeo will visit New Delhi on June 25-26 to discuss

bilateral issues with his Indian counterpart S. Jaishankar.

Ross is also planning a trip to India to discuss some of the key issues challenging India-US trade ties.

Strong message

“Finally, India has spoken out. It sends out a strong message to the US that we would be negotiating the trade issues as equal partners and would not bow down to pressures. We would take measures and retaliate to safeguard our national interest,” said Biswajit Dhar of Jawaharlal Nehru University.

“The country has waited for a long time... the action of the US to withdraw generalised system of preferences has triggered this move.”

Mukesh Agni, president & CEO of the US-India Strategic

Partnership Forum, told **The Telegraph** from Washington: “Such measures only hurt consumers and corporate houses. Both sides have to sit together to discuss issues and move forward. Both countries are sending out a message with the timing of their action. India is saying it is not Mexico and wants to be dealt with as an equal partner.”

“The move is unlikely to impact the volume of trade as the items to be placed on higher duties are a small quantum of overall trade. India's move is only in response to the US action,” Ajay Sahai, director-general and CEO of FIEO, said.

A 12-member panel headed by economist Surjit Bhalla had advised India to reduce tariffs to take advantage of the US-China trade war.

Trade gap widens

OUR SPECIAL CORRESPONDENT

New Delhi: Trade deficit widened for the third straight month to \$15.36 billion in May from a year ago as exports grew at a sluggish pace because of the global slowdown and an escalating trade war between the US and China.

Exports grew nearly 4 per cent to \$29.99 billion in May compared with a year earlier, while imports were up 4.3 per cent at \$45.35 billion, commerce ministry data showed.

The deficit, the difference between exports and imports,

was \$14.62 billion in May 2018.

Oil imports rose 8.23 per cent to \$12.44 billion and non-oil imports expanded 2.9 per cent to \$32.91 billion during the month under review. Gold imports rose 37.43 per cent to \$4.78 billion.

Fieo president Ganesh Kumar Gupta said, “Such a growth in exports is a reflection of an extremely modest growth in global trade and increasing protectionism. MSME sectors are still facing the problem of liquidity, besides other challenges.”

EEPC India chairman Ravi Sehgal said, “Export growth remains at sub-optimal level requiring immediate government intervention. For engineering sector, exporters need crucial raw material like steel at international prices.”

STOCK CHECK

Sensex intra-day movement



Previous 39741.36

CURRENCIES

| | |
|----------|----------|
| US \$ | Rs 69.80 |
| UK Pound | Rs 88.23 |
| Euro | Rs 78.60 |

INDICES

| | | |
|-----------|----------|---------|
| BSE | | |
| Sensex | 39452.07 | -289.29 |
| Midcap | 14720.99 | -151.98 |
| Smallcap | 14365.93 | -110.45 |
| NSE | | |
| Nifty | 11823.30 | -90.75 |
| Next 50 | 27093.00 | -286.20 |
| Nifty 500 | 9669.95 | -77.10 |

Most active on NSE

| Scrip | Price* | Traded value# |
|-------------|---------|---------------|
| IBullHsgFin | 662.85 | 2,044.51 |
| Yes Bank | 114.65 | 1,806.33 |
| IndusInd | 1420.50 | 1,508.14 |
| Gruh | 292.75 | 1,024.30 |
| Reliance | 1320.00 | 899.00 |

COMMODITIES

| | | |
|----------------------|--------|-------|
| Gold (10 gram in Rs) | | |
| Pure | 33670 | +460 |
| Hallmark | 32425 | +440 |
| Silver (kg in Rs) | | |
| Bar | 37600 | +650 |
| Portion | 37700 | +650 |
| Crude* | 3641 | -2.00 |
| Copper# | 407.95 | -1.15 |

*per barrel in Rs; # per kg in Rs

MONEY MARKET

| | |
|---------------|-----------|
| | Yield (%) |
| Call rate | 4.40 |
| 91-day T-Bill | 5.98 |
| 1-year Gilt | 6.12 |
| 5-year Gilt | 6.71 |
| 10-year Gilt | 6.91 |

IN BRIEF

Infy results on July 12

■ **NEW DELHI:** Infosys will announce its financial results for April-June quarter on July 12. “A meeting of the board of directors of the company will be held...on Thursday and Friday, July 11 and 12, 2019 to consider the audited consolidated financial results of the company for the quarter ending June 30, 2019,” Infosys said in the filing on Friday. PTI

ATM norm

■ **NEW DELHI:** The RBI has asked banks to ensure their ATMs are grouted to a wall, pillar, or floor by September-end, except those installed in high secured premises such as airports, to enhance security of the cash vending machines. PTI

Thyssen CEO

■ **NEW DELHI:** ThyssenKrupp has appointed Premeal Desai as the new CEO for its steel division to oversee the restructuring of its business following the collapse of a proposed joint venture. PTI

BOTTOM LINERS



“You may be underqualified, but I'm just too overqualified to recognise it.”

IOC in fuel switch drill

ASTAFF REPORTER

Calcutta: Indian Oil plans to set up a diesel exhaust fluid plant in Bengal at an investment of around Rs 150 crore to support the introduction of Bharat Stage-VI compliant fuel from April 1, 2020. The investment is part of the company's expansion plans in the state across businesses.

Indian Oil officials on Friday said all its 1,200 retail outlets in Bengal would sell BS-VI compliant fuel from next April to ensure lower sulphur emission. Several automobile manufacturers have already introduced cars with BS-VI engines.

The non-BS-VI compliant diesel engines are likely to use diesel exhaust fluids (DEF) to bring down emissions to acceptable levels. The company expects a demand for DEF

MAJOR PLANS FOR BENGAL

IOC fresh investments in Bengal

- DEF plant: Rs 150Cr
- Biofuel and ethanol tankage: Rs 200Cr
- 100 retail outlets: Rs 100cr
- LPG bottling plant: Rs 163cr

after the shift to the new fuel standard. The diesel-to-petrol consumption ratio in the state for IOC is almost 4:1.

“We are planning to put up a new unit at Budge Budge. It would take an investment of around Rs 150 crore and the plant is expected to come up in a couple of years,” said Prithvi Bharat, executive director, IOC's Bengal state office.

The company is also augmenting its biofuel and

ethanol capacities across its terminals in Bengal by around 5,000 kilolitres within a year. This would involve an investment of around Rs 200 crore.

“Our refineries are gearing up to supply BS-VI compliant fuel and the Haldia refinery would also be ready,” said Bharat.

The company had earlier said it would spend around Rs 7,000 crore to expand the capacity of the Haldia refinery to

8 million tonnes (mt) from 7.5 mt and also upgrade to BS-VI fuel standards.

Further, Indian Oil is planning to commission 100 retail outlets in the state by 2019-20 at an estimated investment of Rs 100 crore.

In the pipeline is a new Indane bottling plant at Kharagpur by March 2021 at an investment of Rs 163 crore.

“With the recent Ujjwala drives, LPG penetration in Bengal has moved up to 93.9 per cent, up 6 per cent since last year, propelling the state towards cleaner fuel and healthier kitchens,” said Bharat.

Indian Oil has equipped 700 of its retail outlets in the state with solar panels at an estimated investment of Rs 5 lakhs per outlet and 300 more are to be fitted with such panels this year.

HDFC sells shares in Gruh on RBI order

OUR SPECIAL CORRESPONDENT

Mumbai: HDFC on Friday sold a 4.22 per cent stake in Gruh Finance for Rs 899.43 crore to fulfill an RBI requirement that mandates it must hold 10 per cent in Bandhan Bank, which is set to take over Gruh through a share-swap exercise.

The housing finance company sold 3,10,00,000 shares of Gruh Finance through the bourses at an average price of Rs 290.14 apiece, HDFC said in a regulatory filing.

HDFC added that after this transaction, Gruh would cease to be its subsidiary.

Earlier this year, Bandhan Bank had announced the acquisition of Gruh Finance through a share swap. The swap would bring down the promoter stake in Bandhan Bank to 61 per cent.

An exchange ratio of 568 shares of Bandhan Bank for every 1000 shares of the mortgage lender was proposed for the merger. The expectation was that HDFC will have a



stake of close to 15 per cent in Bandhan Bank.

HDFC said it was entitled to a 14.96 per cent stake post amalgamation in Bandhan Bank, based on the share exchange ratio.

However, the Reserve Bank of India (RBI) has directed it to hold 9.9 per cent or less of the paid-up capital of the lender after the merger.

“In view of this, the corporation is required to sell such number of shares in Gruh so as to be entitled to 9.9 per cent of the post amalgamation paid-up capital of Bandhan. The sale reported under this disclosure is part of the said

transaction,” HDFC said.

Gruh is engaged in the business of providing home loans and is registered with the National Housing Bank (NHB) as a housing finance company. The company's revenues stood at Rs 2,026.65 crore in 2018-19. HDFC had sold 6.10 per cent stake in Gruh earlier in May for Rs 1,327.89 crore.

Shares of Gruh Finance on Friday ended lower by over 5 per cent because of the transaction.

On the BSE, the scrip settled with losses of 5.40 per cent at Rs 291.85. Shares of HDFC and Bandhan Bank also finished in the red on a day the benchmark index slumped over 289 points.

While HDFC shares traded 0.66 per cent down at Rs 2,181.80 on the BSE, the Bandhan Bank scrip was down 1.56 per cent at Rs 536.90. On Friday, the wider NSE Nifty tumbled 90.75 points, or 0.76 per cent, to finish at 11823.30.

During the week, the Sensex fell 163.83 points or 0.41 per cent, while the Nifty lost 47.35 points or 0.39 per cent.

Wholesale inflation stays low

OUR SPECIAL CORRESPONDENT

New Delhi: Wholesale price-based inflation hit a 22-month low of 2.45 per cent in May, helped by the falling prices of food articles, fuel and power items. This may prompt the Reserve Bank to go for another cut in key interest rates in the current fiscal.

The wholesale price index (WPI)-based inflation stood at 3.07 per cent in April this year. It was 4.78 per cent in May 2018. Inflation in food articles was 6.99 per cent in May 2019, down from 7.37 per cent in April, official data released on Friday said. However, onion prices spiked during the month with inflation at 15.89 per cent against (-) 3.43 per cent in April.

India Ratings & Research principal economist Sunil Kumar Sinha said the core inflation at 1.2 per cent was at a 29-month low in May. “This is clearly an indication of weakening of demand impulse in the economy,” he said.

Hexaware buys US firm

OUR SPECIAL CORRESPONDENT

Mumbai: IT consulting firm Hexaware Technologies on Friday announced the acquisition of US-based Mobiquity Inc for \$182 million, around Rs 1,266 crore, in an all-cash deal.

The acquisition, Hexaware's largest investment, is expected to help the company compete with larger digital agencies and consulting firms. Mobiquity, an independent customer experience consulting firm, specialises in creating multi-channel digital experiences using cloud technologies. It creates digital products for brands such as Amazon Web Services, Rabobank and Philips. The Mobiquity group's revenue stood at \$70 million for the year ended December 31, 2018.

Hexaware will make an upfront payout of up to \$131 million and a deferred consideration of up to \$51 million, part of which is contingent on

DEAL DYNAMICS

■ **The deal:** Hexaware buys US-based Mobiquity Inc for \$182 million

■ **The benefit:** Hexaware will be able to compete with larger digital agencies and consulting firms

earnouts.

R. Srikrishna, CEO of Hexaware Technologies, said, “Mobiquity strengthens two of our key strategic offerings: Cloudify Everything and Customer Experience Transformation.”

Hexaware had reported revenues of \$180 million (Rs 1,264 crore) in the January-March 2019 quarter, a year-on-year growth of 10.9 per cent. During the period, profit after tax grew over 12 per cent to Rs 139 crore.

On the BSE, the shares closed at Rs 344.65, a fall of around 0.38 per cent over the previous close.

DRL sells twin drug rights in US

OUR SPECIAL CORRESPONDENT

Mumbai: Hyderabad-based Dr Reddy's Laboratories (DRL) has entered into an agreement with Upsher-Smith Laboratories to sell the US and select territory rights of its neurology branded products — Tosymra and Zembrace — for over \$110 million (around Rs 765 crore).

“Under the agreement, Dr Reddy's will receive \$70 million as upfront consideration, \$40.5 million in near-term milestones and additional financial considerations including, existing contractual obligation and inventory,” the company said in a regulatory filing. The company added that it will also receive sales-based royalties on a quarterly basis.

Both the products are commercialised through Dr Reddy's wholly owned subsidiary, Promius Pharma.

The company said Tosymra and Zembrace were developed to address the needs of a large but discrete segment of patients suffering from episodic migraine who need options other than their current therapies. The transaction is subject to various customary closing conditions, it added.

“This is a testament to our strong research and development capabilities. In a short time, we created a well-recognised migraine specialty business in the US and we look forward to our partnership with Upsher-Smith,” Dr Reddy's co-chairman and chief executive G.V. Prasad said.

The announcement of the deal, however, failed to excite the markets with shares of Dr Reddy's ending in the red.

On the BSE, the scrip finished 0.89 per cent lower at Rs 2,563.10.

During the quarter ended March 31, 2019, DRL posted revenues of Rs 4,017 crore, a growth of 14 per cent over the same period last year, while profit after tax stood at Rs 434 crore.

Proposals link growth to jobs



Nirmala Sitharaman with finance secretary S.C. Garg (left) in New Delhi on Friday. PTI

OUR SPECIAL CORRESPONDENT

New Delhi: Economists have recommended job-oriented growth measures and advised the government to maintain fiscal prudence at their pre-budget meeting with finance minister Nirmala Sitharaman on Friday. They also suggested a further simplification of the GST and the implementation of the direct tax code.

The meeting was Sitharaman's sixth with various stakeholders prior to the budget, including industry and farmers' bodies. The meeting assumes significance in the wake of growth falling to a five-year low of 6.8 per cent.

“The government's focus should be on growth and jobs. Some economists said there was no fiscal space, transmission of interest rates are also not taking place and the banking system should be stabilised,” S. Mahendra Dev, director — Indira Gandhi Institute of Development Research — said. The economists said the budget provided a unique opportunity to promote manufacturing through the “Make in India” initiative.

The meeting touched upon a host of macroeconomic factors such as economic growth, jobs, fiscal management, investments and public sector borrowings, according to a release by the finance ministry. The economists suggested removing bottlenecks in the supply-chain, framing an export-import policy for agriculture and doing away with specific duties on textiles.

“I have basically talked about the external threats and opportunities because most people focus on fiscal and monetary measures. So I said (it) is a once in a generation opportunity of moving the supply chain to India,” said former chief economic adviser Arvind Virmani after the meeting.

The economists also underlined the need for bringing an insolvency and bankruptcy code-type framework for the NBFC sector, infusing capital in banks and tapping into e-commerce's potential for job growth.

Auto dealers report lower sales in May

New Delhi: An automobile dealers' association on Friday said retail sales of passenger vehicles in May declined 1 per cent to 2,51,049 units compared with the same period last year.

Passenger vehicle sales stood at 2,53,463 units in May 2018, according to the Federation of Automobile Dealers Associations (FADA).

Two-wheeler sales declined 8.6 per cent to 14,07,361 units last month compared with 15,40,377 units in the year-ago period.

Commercial vehicle sales dropped 7.8 per cent to 62,551 units from 67,847 units in May last year.

Three-wheeler sales saw a dip of 4 per cent to 50,959 units last month from 53,108 units in the same period last year.

Total sales across categories declined 7.5 per cent to 17,71,920 units in May against 19,14,795 units in the same month last year.

“Even though on a month on month basis, there was an uptick in vehicle registrations, all categories of vehicles contracted when compared on a year-on-year basis,” FADA president Ashish Harsharaj Kale said in a statement.

“Last year, the month of May had a very high base and had witnessed the second highest registrations on a monthly basis in the last fiscal,” he said.

Kale expressed serious concerns about the increase of two-wheeler inventory and appealed to the companies to regulate the same at the 21-day level.

“High inventory at this juncture is an added liability for auto dealers,” he said. PTI

FB gets digital coin backers

GAME-CHANGER

- More than a dozen companies have signed up with Facebook's cryptocurrency project
- Big names include Visa, Mastercard, PayPal and Uber
- Facebook targeting to raise \$1bn from investors

both on Facebook and across the internet.

The social networking giant is banking on its user base of billions to drive the use of the digital coin and take the use of cryptocurrencies to the next level. The bitcoin has been there for more than a decade, but it is still to be used widely — as is the case of other cryptocurrencies.

Facebook is expected to face regulatory

hurdles across the world. Besides, there are apprehensions about cryptocurrencies being used by terrorist organisations or for illicit trade.

Pitfalls plenty

Facebook is expected to release a white paper on the coin next week, as was done by bitcoin's pseudonymous creator, Satoshi Nakamoto.

Last month, Facebook had set up a new financial technology company in Switzerland focusing on blockchain and payments as well as data analytics and investing.

Libra Networks, with Facebook Global Holdings as stakeholder, was registered in Geneva on May 2 to provide financial and technology services and develop related hardware and software, plans submitted on the Swiss register reveal. Reuters